

STATEMENT OF THE NATIONAL ASSOCIATION OF GOVERNMENT EMPLOYEES

The National Association of Government Employees (NAGE) is an affiliate of the Service Employees International Union. NAGE represents over 120,000 federal employees across the country.

On behalf of the President of NAGE, Kenneth T. Lyons, I wish to thank the panel for allowing us the opportunity to discuss the principals and policies that should govern decisions concerning whether particular functions should be performed by the public sector or the private sector.

It should not surprise anyone on this panel that our organization has long opposed wasteful, costly and inappropriate contracting out of government functions. NAGE once again reiterates that the explosion in contracting out of services has cost the American taxpayer millions of dollars, diminished government's expertise in key areas, and reduces its ability to address the problems of the future.

The contracting out of services is frequently a mask for a reduction in the level of services, which often may not be accomplished legislatively. Contractors are able to present the agency with a seductive package of cost reductions by reducing the level of services. Inadequate investigations of the statement of work by the agency allow the contractor to achieve this result. In the interwoven environment of a federal facility, any reduction in support or related services will have a domino effect on the agency's capacity to perform.

NAGE respectfully asks this panel to concentrate its efforts on documenting the size of the contractor workforce. If we could make public the contractor workforce number then we can show just how efficient their workforce is compared to that of the government's workforce. As all of know, neither the Office of Personnel Management nor the Office of Management and Budget (OMB) has ever counted the full-time equivalent non-federal workforce.

Another issue that this panel must deal with is the question of what "inherently governmental" means. With over three-quarters of a million jobs now on Government Executive's Federal Activity Inventory Reform list, the term no longer holds any meaning. Full and fair competition for such work spurs federal employees and contractors to be more productive.

In January of 1994, OMB released a report showing that the government spends \$105 billion annually on contracting out for services, and that such spending represents the fastest growing area of government procurement. The report cited instances of poor performance; weak oversight of contract performance and incomplete cost and price analyses. NAGE recommends to this panel that OMB look into this matter again.